FD-302 (Rev. 3-10-82)

# FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 10/17/90

On 10/12/90, SPECIAL AGENT (SA) [redacted] while acting in an undercover capacity, conducted the following investigation: b6 b7C

On the above date, [redacted] met with [redacted] for PHIBRO. [redacted] went to 77 WOK, a restaurant on 77th Street and 2nd Avenue, then to the CZAR bar on 77th and 2nd and to the MISSION, a club/bar on Avenue A and 5th Street, all in Manhattan. b6 b7C

While at 77 WOK, [redacted] stated to [redacted] that he thinks his company, PHIBRO, sometimes has outside traders take the opposite side of trades they make. [redacted] gave no further details. b6 b7C

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[redacted]

[redacted] b6 b7C

SEARCHED [redacted] IN

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[redacted]

2/12/91

Investigation on 10/12-10/13/90 NEW YORK, NY File # 196B-NY-185347 Sub C-C

by SA [redacted] Date dictated 10/13/90 b6 b7C

[redacted] 36

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request for [redacted] to return the $72,000.00. [redacted] issued the letter, however, he received no response. [redacted] provided no further information.

FD-302 (Rev. 3-10-82)



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 7/23/92

[redacted] CITIBANK, N.A., 850 Third Avenue, New York, New York, was advised of the identity of the interviewing agent and the purpose of the interview. [redacted] provided the following information: b6 b7C

On January 27, 1992, PHIBRO ENERGY INCORPORATED, Greenwich Connecticut, instructed CITIBANK to transfer $165,964.83 from PHIBRO'S account to the CITIBANK account of BANQUE PARIBAS, [redacted] The funds were immediately transferred. b6 b7C

In May 1992, CITIBANK was served with a warrant of seizure issued by the EASTERN DISTRICT OF NEW YORK, for the balance in CITIBANK account number [redacted] held in the name of [redacted] During the same period, CITIBANK received a complaint from PHIBRO that their transfer of $165,964.83 had never been credited to BANQUE PARIBAS. CITIBANK realized that the PHIBRO funds had been incorrectly credited to [redacted] account. CITIBANK determined PHIBRO had erroneously given CITIBANK BANQUE PARIBAS' account number at BANKER'S TRUST, which was identical to [redacted] CITIBANK account number. b6 b7C

The government seized the balance of approximately $94,000.00. CITIBANK has sustained a loss of approximately $72,000.00 which [redacted] had withdrawn. b6 b7C

Investigation by CITIBANK revealed [redacted] who resides at [redacted] made at least four cash withdrawals at branches in Manhattan and Brooklyn, totalling approximately [redacted] [redacted] advised [redacted] account averaged minimal account balances prior to the transfer. b6 b7C b7E

[redacted] stated he was aware [redacted] attorney had contacted CITIBANK'S Counsel, requesting CITIBANK make a written b6 b7C

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Investigation on 7/22/92 at New York, New York File # 29B-NY-228336 -2

by SA [redacted] Date dictated 7/23/92 b6 b7C

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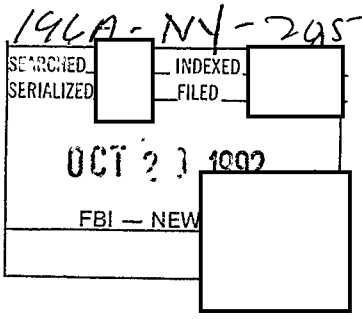
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usually about oil market strategies. When they socialized, [redacted] at times voiced aspirations to make money and to take care of his family. [redacted] did not specifically discuss his compensation with [redacted]

[redacted] explained that as [redacted] of HILL, [redacted] would need to know what HILL's "net open position" was in order to do his job. [redacted] believes that during the time [redacted] worked at PE under [redacted] that there were position limits imposed on him by [redacted] b6 b7C

[redacted] recalled that [redacted] was a relatively young person an was viewed favorably by his coworkers and superiors. [redacted] did not recall [redacted] violating any of PE's policies while he was employed. b6 b7C

In [redacted] opinion, the worst problem that could arise in PE's business would be for PE to sell to a bad credit risk. b6 b7C

 b6 b7C

The last time [redacted] had contact with [redacted] was around 1987 when [redacted] called about a compensation related matter. [redacted] believes [redacted] began working for PE in around 1979.

[redacted] explained that during the time [redacted] worked at PE, oil traders received a relatively modest salary (e.g., $100,000 per year). Each trader was then paid a bonus based on the profits of the group. [redacted] stated that while [redacted] was employed there were a number of "good" years during which [redacted] total compensation exceeded [redacted] b6 b7C

[redacted] explained that he worked closely with [redacted] during the time that PE was looking to buy what became known as HILL PETROLEUM (HP). HP became a refinery for PE. PE offered to buy HP in 1984. PE's [redacted] wanted to buy the refinery and put [redacted] in charge of it. In July 1985 the refinery, physically located in Louisiana, was purchased. [redacted] was responsible for [redacted] but delegated to others the technical jobs associated with it. [redacted] remained [redacted] of HP until he left PE in 1987. b6 b7C

Because [redacted] was [redacted] of HP, [redacted] oil trades were those of HP, and all trades were in HP's name. [redacted] stated that a trader of oil cannot do his job without knowing his overall position in the market. After the acquisition of HP, there was a separate [redacted] for it, [redacted] b6 b7C

[redacted] had no recollection of any exceptional losses attributable to [redacted] while he was associated with PE/HP. While employed at PE, [redacted] reported to [redacted] b6 b7C

[redacted] did not recall any incidents wherein [redacted] violated any of the policies or regulations in place at PE. He did not recall there being any position limits placed on [redacted] HP was able to trade in the oil markets based on the credit-worthiness of a SALOMON INC. guarantee. b6 b7C

[redacted] said during the interview that the biggest risk in the oil trading business is that a trader will make a trade and not report it to his employer. This might occur if a trader builds a position in the market that loses money and then tries to hide these losing trades. Because the business is all done by telephone, it is possible for a trader to commit the company in a trade and then put the deal ticket in his drawer without entering it into the accounting system. b6 b7C

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**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 10/10/92

[redacted] PHIBRO ENERGY PRODUCTION, INCORPORATED (PEP), and [redacted] of PHIBRO ENERGY, INCORPORATED (PE), 500 Nyala Farms Road, Westport, Connecticut 06880-6262, telephone (203) 221-5875 was contacted at his place of employment. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] freely provided the following information: b6 b7C

Discussion concerned [redacted] also known as [redacted] a former PE employee. [redacted] was interviewed in the presence of [redacted] for PE, and [redacted] Attorney at Law, WILLIAMS & CONNOLLY, 725 Twelfth Street, N.W., Washington, D.C. 20005, telephone (202) 434-5049, [redacted] to PE. b6 b7C

[redacted] is a [redacted] born on [redacted] He resides at [redacted] telephone [redacted] His social security number is [redacted] He has a [redacted] b6 b7C

[redacted] worked for eleven and a half years with [redacted] and in [redacted] at six different locations. In 1979 he moved to New York to be a [redacted] with [redacted] and then in [redacted] he joined what is known as PHILIPP BROTHERS, or PHIBRO. He worked as a [redacted] through about 1988. In 1989 and 1990 he [redacted] He most recently has been involved with looking to acquire gas fields. [redacted] b6 b7C

[redacted] stated that [redacted] was a friend but the two hadn't seen each other for a while. They met in 1979 while [redacted] was still with [redacted]. [redacted] last contact with [redacted] was on a golf outing in or around 1989. While [redacted] both worked for PE, they had less contact after [redacted] became [redacted] of HILL PETROLEUM (HILL), a subsidiary of PE. b6 b7C

[redacted] considered [redacted] to be good at what he did while as an employee of PE and HILL. When the two conversed, it was b6 b7C

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File # 196A-NY-205239

Investigation on 9/29/92 at Westport, Connecticut

by SA [redacted] Date dictated: 10/04/92 b6 b7C

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/10/92

[redacted] PHIBRO ENERGY, INCORPORATED (PE), 500 Nyala Farms Road, Westport, Connecticut 06880-6262, telephone (203) 221-5855 was contacted at his place of employment. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] freely provided the following information: b6 b7C

Discussion concerned [redacted] also known as [redacted] a former PE employee. [redacted] was interviewed in the presence of [redacted] for PE, and [redacted] Attorney at Law, WILLIAMS & CONNOLLY, 725 Twelfth Street, N.W., Washington, D.C. 20005, telephone (202) 434-5049, [redacted] to PE. b6 b7C

[redacted] is a [redacted] born on [redacted] He resides at [redacted] telephone [redacted] His social security number is [redacted] and his [redacted] driver's license number is [redacted] b6 b7C

[redacted] has a [redacted] After college he worked for about five years with [redacted] doing auditing from their New York office. For about three years after that he worked as [redacted] New York, New York. In November 1980 he started working for [redacted] joined what is now known as PE as [redacted] and he became [redacted] in [redacted] b6 b7C

[redacted] believes he met [redacted] in March 1984 while the two were working in the PE office in New York, New York. (In July 1984 PE moved their operations to Greenwich, Connecticut.) [redacted] was a [redacted] among a group of about eight to ten. b6 b7C

[redacted] explained that his office at PE put him in relatively close proximity to [redacted] advised that he did not socialize with [redacted] stated that the crude oil team did well for PE and [redacted] was a part of that team. b6 b7C

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File # 196A-NY-205239

Investigation on 9/29/92 at Westport, Connecticut

by SA [redacted] Date dictated: 10/04/92 b6 b7C

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